

Customs Bulletin

Regulations, Rulings, Decisions, and Notices
concerning Customs and related matters



and Decisions

of the United States Court of Appeals for
the Federal Circuit and the United
States Court of International Trade

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No. 3

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THE DEPARTMENT OF THE TREASURY
U.S. Customs Service

NOTICE

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U.S. Customs Service

General Notices

19 CFR Part 24

CURRENT IRS INTEREST RATE USED IN CALCULATING INTEREST ON OVERDUE ACCOUNTS AND REFUNDS

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Notice of calculation of interest.

SUMMARY: The Tax Reform Act of 1986 established a new method of determining the adjusted rate of interest on applicable overpayments or underpayments of Customs duties. The new method provides a two-tier system based on the short-term Federal rate and is adjusted quarterly. This notice advises the public that the interest rates, as set by the Internal Revenue Service, will be 11 percent for underpayments and 10 percent for overpayments for the quarter beginning January 1, 1988. It is being published for the convenience of the importing public and Customs personnel.

EFFECTIVE DATE: January 1, 1988.

FOR FURTHER INFORMATION CONTACT: Robert B. Hamilton, Jr., Revenue Branch, National Finance Center, U.S. Customs Service, 6026 Lakeside Boulevard, Indianapolis, Indiana 46278 (317) 298-1245.

SUPPLEMENTARY INFORMATION:

BACKGROUND

By notice published in the Federal Register on January 5, 1987 (52 FR 255), Customs advised the public that the Tax Reform Act of 1986 (Pub. L. 99-514), amended 26 U.S.C. 6621, mandating a new method of determining the interest rate paid on applicable overpayments or underpayments of Customs duties. The new method provides a two-tier system based on the short-term Federal rate. As amended, 26 U.S.C. 6621 provides that the interest rate that Treasury pays on overpayments will be the short-term Federal rate plus 2 percentage points. The interest rate paid to the Treasury for underpayments will be the short-term Federal rate plus 3 percentage points. The rates will be rounded to the nearest full percentage.

The interest rates are determined by the Internal Revenue Service on behalf of the Secretary of the Treasury based on the average market yield on outstanding marketable obligations of the U.S. with remaining periods to maturity of 3 years or less and are to fluctuate quarterly. The rates are determined during the first month of a calendar quarter and become effective for the following quarter.

DETERMINATION

It has been determined that the rates of interest for the period of January 1, 1988–March 31, 1988 are 11 percent for underpayments and 10 percent for overpayments. These rates will remain in effect through March 31, 1988, and are subject to change on April 1, 1988. They will remain in effect until changed by another notice in the Federal Register.

Dated: January 5, 1988.

MICHAEL H. LANE,
Acting Commissioner of Customs.

[Published in the Federal Register, January 11, 1988 (53 FR 615)]

DETECTION OF COUNTERFEIT PRC TEXTILE VISAS

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Notice of means to detect counterfeit textile visas from People's Republic of China.

SUMMARY: Any shipment of merchandise found to be covered by a counterfeit visa is considered introduced into the U.S. contrary to law and is subject to seizure by Customs. In 1987, Customs detected almost 200 counterfeit People's Republic of China (PRC) visas. Seizures of nearly \$20 million in merchandise resulted, creating an enforcement and administrative burden on Customs. In order to educate the importing public about the considerable amount of fraudulent activity involving the importation of PRC merchandise and to put importers on the alert for illegal importations of PRC merchandise, Customs is notifying the public in this document of the characteristics of counterfeit PRC visas.

EFFECTIVE DATE: January 7, 1988.

FOR FURTHER INFORMATION CONTACT: John F. Esau, Office of Enforcement, U.S. Customs Service, 1301 Constitution Avenue, N.W., Washington, D.C. 20229 (202-566-6188).

SUPPLEMENTARY INFORMATION: Customs has the authority pursuant to 19 U.S.C. 1595a(c), to seize any shipment of merchan-

dise that is determined to be contrary to law. Importations of textiles covered under a counterfeit visa from the People's Republic of China (PRC) are contrary to the textile agreement between the PRC and the U.S. entered into in accordance with 7 U.S.C. 1854.

A serious situation has developed with regard to the importation of textile products from the PRC. In 1987, Customs detected almost 200 counterfeit visas (textile export license(s)/commercial invoice(s)). Seizure of nearly \$20 million in merchandise resulted.

The considerable amount of fraudulent activity involving the importation of PRC merchandise has created an enforcement and administrative burden on Customs. Customs anticipates that when the calendar year quotas reopen in January 1988, the ensuing volume of Chinese imports will include a significant number accompanied by counterfeit visas.

Customs wishes to alert the importing public of this problem. Because merchandise covered by a counterfeit visa is subject to seizure, the importing public should be aware of how to recognize a counterfeit visa. Accordingly, Customs is setting forth in this document the characteristics of genuine and counterfeit PRC visas.

DETECTION OF COUNTERFEIT VISAS

The genuine visa is printed in two colors. There is background in either blue or green of wavy *continuous* lines. Over this, there is imprinted in black, an assortment of letters, lines, and Chinese characters. Finally, the serial number is stamped in its appropriate box. The calendar-year prefix is typed in later.

Counterfeit visas are frequently distinguished by the following characteristics:

DETAIL LOSS

In photo-offsetting, some detail loss is inevitable. This phenomenon results in lost apostrophes, lost dots on "i's", and other details in the black printed portion of the visa. In addition, it results in breaks in the continuous "brush strokes" in the delicate Chinese characters. This loss of detail also affects the colored background when it is photo-offset. In some of the poorer counterfeits, this loss of detail causes the entire pattern to "look different."

Specific problem areas: (One or more areas can be present.)

- Background is very faint and color is uneven. Color and detail are best at bottom but wash out in the center of the document.
- There are light spots in the background pattern in several places, most notably in block nos. 10 and 12.
- Block 14 "issuing authorities' stamp and signature" is missing the plural possessive apostrophe and "i's" are *not* dotted.
- In block 14, there is a dot immediately preceding the "I" in "Issuing", slightly above the center of the "I". This dot is a consistent

idiosyncrasy for authentic GREEN PRC visas. However, it has not been observed on any legitimate BLUE visas or specimens. We believe that this counterfeiter has photo offset black detail from a green visa and is using the plate to fabricate blue visas.

If a specimen or known authentic visa is available, the following indicators can be used:

- Background color too gray.
- Background color too gray and has a flatter appearance than the background of an authentic visa.
- Length of colored background is approximately $\frac{1}{8}$ -inch shorter than specimen.

RELATIONSHIP BETWEEN COLORED BACKGROUND LINE AND BLANK "BOXES"

The authentic documents exhibit a precise relationship between the wavy background lines and the overprinted black lines. Some of the counterfeits can be discerned due to changes in these relationships, i.e., background lines ascending instead of descending, as they cross certain black lines. This has apparently been caused by two factors:

1. Some of the counterfeiters have cut-up pieces of background, then photo-offset it, thereby rearranging the relationships.
2. At least one counterfeiter has obtained his own background plate which is not identical to the authentic plate.

Specific problem areas: (One or more areas can be present.)

- While viewing the vertical line between blocks 13 and 14, the wavy lines ascend from left to right as they cross the black line. In the authentic specimen and genuine visas examined to date these background lines descend from left to right as they cross the vertical black line.
- The background pattern should peak at the point where the line dividing block 13 and 14 meets the horizontal line above the boxes; instead, it dips.

DISCONTINUANCES IN THE BACKGROUND PATTERN

Because some counterfeiters have reassembled background plates from "pieces" of background, some counterfeits have horizontal lines in their backgrounds and/or sudden changes in pattern.

Specific problem areas: (One or more areas can be present.)

- Background color uneven.
- Background pattern is discontinuous with horizontal lines:
 - 2 $\frac{3}{8}$ inches from bottom of pattern (in box 13);
 - 4 $\frac{5}{8}$ inches from bottom of pattern (in box 9); and
 - 8 $\frac{1}{2}$ inches from bottom of pattern (in box 6).

- In block 9, $\frac{3}{4}$ inches from the left border of the background and $4\frac{1}{2}$ inches from the bottom border of the background, there is an oval "o" in the background contained within a small area of interrupted background lines.
- Background has horizontal breaks in the pattern $3\frac{1}{4}$ inches from the bottom of background area and $77/16$ inches from bottom of background area.
- There are pattern breaks $2\frac{3}{4}$ inches from the bottom of the background area and 7 inches from the bottom of the background area. However, these pattern breaks are very difficult to discern due to the poor detail of the pattern.
- The only readily apparent flaw in the background pattern is a small circle in the upper right-hand corner of block 1.

SERIAL NUMBERS

The genuine visas have serial numbers pressed into the paper and this can be detected by lightly touching the back of the form. So far, most counterfeits examined by Customs have *not* had serial numbers pressed in to the document.

Specific problem areas: (One or more areas can be present.)

- Serial numbers not impressed as in legitimate visas—cannot be felt with fingertips from back of visa.
- Serial numbers are not stylized as in specimen—tops of 7's and 5's and bottoms of 2's are straight rather than curved as in legitimate visas.
- Serial numbers are not impressed and cannot be felt from back of visa, however, numerals are in similar style to specimen.
- The first few numerals of the serial number can be felt very faintly from the back of the visa.

MICHAEL H. LANE,

Acting Commissioner of Customs.

Approved: December 29, 1987.

JOHN P. SIMPSON,

Acting Assistant Secretary of the Treasury.

[Published in the Federal Register, January 7, 1988 (53 FR 463)]

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